

Need of the Times: Near-Real-Time International Market Assessment for Strategy Planning

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ABSTRACT

While several macro-factors affecting market assessment for strategy planning could be constant in purely domestic markets, the same is further from reality when assessing foreign markets. At the same time gathering firsthand information in real time using corporate representatives is very expensive and often even physically dangerous. Alternative methods for using pertinent and timely secondary data are the need of the hour for several organizations. One such method is proposed and illustrated using a current example. The advantages and concerns about the method are presented.

Keywords: assessment, planning, markets, competitive intelligence, quasi-primary data

INTRODUCTION

Obtaining competitive intelligence on markets is an essential undertaking of all business. Organizations have various sources for such intelligence, both primary and secondary. Several of these sources of information have their advantages and disadvantages. Primary data can be expensive and time consuming. Secondary data may be too common knowledge to be of competitive value and often obsolete. The challenge of competitive intelligence gathering is further escalated in foreign markets by time and distance factors. A quasi-primary data collection process, content analysis of daily media reports, could be a viable alternative or at least a significant contributor to the effectiveness of existing competitive intelligence gathering methods. An example demonstrating the use of this method is provided and the advantages and disadvantages are highlighted.

COMPETITIVE INTELLIGENCE

Competitive intelligence is information gathered from various sources to strengthen an organization's position. Such information, properly gathered, effectively analyzed, and efficiently implemented can allow a corporation to solidify its current position, identify opportunities and trends, and anticipate potential threats and impending changes to its operations. However, competitive intelligence is not readily available for foreign markets and if it is provided to everybody through a syndicated provider to all subscribers it can lose its competitive exclusivity.

QUASI-PRIMARY DATA

A potential solution to losing competitive advantage due to information to all could be continuous media monitoring and analysis of patterns. Such analysis could enable nimble management and resultant strategic planning. This data is available in as close to real time and enables reviewers to access it as fast as possible and provides efficient analyzers and decision makers the lead time to strengthen their competitive edge over other challengers. It is termed quasi-primary because it is secondary data collected and reported by primary agents such as media reporters. The advantages and disadvantages are addressed after the example demonstrated.

COLLECTION OF QUASI-PRIMARY DATA

One source of quasi-primary data could be news reports obtained online from various media sources. Obtaining data from multiple established media vehicles online gives a better idea of the most likely facts. The key is to either get the information from an already established and respected media vehicle or to get the information from a number of media vehicles and glean the commonalities. There are a number of news portals online that provide the latest breaking news updates from several popular and respected news organizations worldwide. It is also advisable to obtain the reports from opposing viewpoints to chart a middle course. Outliers should also be noted as they may develop into significance for strategic decisions.

EXAMPLE OF NEAR-REAL-TIME INTERNATIONAL MARKET ASSESSMENT

One emerging market of interest for business development at this time is India. Gathering information about India or from India is a challenge. It is not the same as gathering meaningful information from a market like USA, where the tradition of scientific marketing data collection and reporting has been around for decades.

Near-real-time data on and from India can be accessed in news portals such as cnn.com, reuters.com and samachar.com amongst others. Reuters, for example, provides high credibility to latest reports because of its reputation. CNN provides a lot of information because of its worldwide resources. Samachar provides updates from a number of Indian news organizations, including NDTV, SIFY, Times of India, The Hindu, New Indian Express, MSN India, Financial Times, Economic Times, Financial Express, Business Line and others. Since these are updated continually 24/7, they provide very near-real-time data useful for market assessment.

THE SAMPLE STUDY

Current news reports of the day on business and investment developments in or affecting India were collected as per random-convenience from a variety of news media available online for 30 days, December 10, 2012 to January 8, 2013. Next the areas of business information in each news report useful for market assessment were identified by two trained content analysts. The identified areas were further categorized by the two trained content analysts in a manageable number of factors determined valuable for market assessment. These factors were:

1. Technology
2. Market Conditions
3. Market Opportunity
4. Foreign Relations
5. Economic Outlook
6. Challenges
7. Global Conditions

Next, the information in each of these factors was summarized to obtain a general overview/evaluation on a scale determined as per the importance determined by executives. Different organizations, as per the impact of each factor on their decisions would provide different weights for each factor. The sum of the weighted scores for each factor would provide the overall assessment of the market for further strategic planning or modification. Again, for example, for an IT organization,

Factor

1. Technology

Internet's contribution to India's GDP will increase from \$30 billion to \$100 billion by 2015. Presently India has 120 million users. Internet user base will increase to 370 million by 2015. With the increase of demand of internet, the indirect and direct jobs from internet will increase from 6 million to 22 million by 2015. Anu Madgavkar, senior fellow at McKinsey & Company Global Institute says, India is on a verge of internet boom and private consumption and investment from private and public sector have a great potential to grow in future ("Internet to contribute," 2012).

Wipro has come up with “smart offers”, which is a location-based solution for banks. Smart offers are based on institutional intelligence, where the target is to come up with relevant coupon rate for digital bankers ("Wipro launches 'smartoffers'," 2012).

Summary: Rapid growth in Indian internet market and growth of customer-centric IT applications.

Importance: 9/10

Weight: .25

Factor

2. Market Conditions

Ikea will bring the largest single brand retail investment of \$1.5 billion in India, which would rapidly increase FDI inflow. India has a policy where, foreign companies would have to source 30% of supplies from local small-scale industries. The retail market size of \$10 billion would increase to \$15 billion by 2014. Presently Ikea is sourcing \$600 million worth goods from different companies from India and have plans to increase their sourcing to \$ 1 billion annually (Kaushik, 2012).

Hitachi and Panasonic, two most famous Japanese companies have decided to invest more than Rs. 5,700 crores in India so that they can make India their base to expand into Africa and Middle East. Hitachi's 2015 strategy plan is to increase investment by opening five more manufacturing plants to increase their revenue from India to Rs. 20,000 cores by 2015-16. Panasonic is also looking to see their revenue increase to Rs 20,000 crores by the end of 2014-2015 by investing Rs. 1,000 crores in their new plant in Haryana. Sony Corp CEO, Kazuo Hirai came to India after months of taking charge, to increase the investment in Indian market and expand sales by more than 30% of last year's revenue of Rs. 5,500 crores. Presently Panasonic is in a bad financial shape and they are selling or closing down many of their factories and assets, but they are still going ahead with their plan to increase investment in India because, they said India has a potential growth market for Panasonic and will rank among the top regions among Asia Pacific in terms of revenue contribution ("Hitachi, Panasonic to," 2012).

Summary: Rapid growth in domestic production facilities requiring IT.

Importance: 6/10

Weight: .20

Factor

3. Market Opportunity

India is more attractive than China when it comes to production. Managements of million dollar companies are moving their interests away from China due to the high risk of investment. India is not low cost production option, but it is about customization and quality due to

intellectual work force. Boston Consulting analysts, Harold L Sirkin, Michael Zinser and Douglas Hohner said that the rising wages, higher US productivity and a weaker dollar will close the gap between US and China for many goods in North America. India has half the inflation rate of China and the currency is depreciating, which makes it more attractive than China for production (Vijayakumar, 2012).

Summary: Growing influx of foreign production requiring IT.

Importance: 5/10

Weight: .15

Factor

4. Foreign Relations

The trade agreement between India and ASEAN (Association of South East Asian Nations) was signed for they will yield high dividends. By 2015 the trade between them will increase to \$100 billion and by 2022 to \$200 billion. Presently the trade between them is \$80 billion ("India and Asean," 2012).

With Abe in power, India and Japan's relations regardless of issues about defense, and foreign policies will improve. Japan is not the world's second largest economy but it has enough economy to improve the Indian economy ("Sky is the," 2012).

India contracted nearly \$4 billion of military equipment with Russia, keeping Russia as its most important defense supplier. Least expected was an agreement to set up a joint venture in India to manufacture helicopters made by Russian firms, Kamov and Mil ("Natural gas sector," 2012).

Increases in buying military hardware from US, France, and Israel ("India's ties with," 2012).

Summary: Increasing high-technology trade activity; will require IT solutions.

Importance: 3/10

Weight: .10

Factor

5. Economic Outlook

World Bank's chief economist, Kaushik Basu said that India will have a tough 2013 because of the Europe situation that might last till early 2015. Kaushik Basu added that despite all the global weak trends India would still show a 6-7% growth unlike 9% before the 2008 world recession. Since Europe is the major player, it would be difficult but not impossible for

NO13068

economic growth in India. World Bank has projected a 5.5% growth in 2012 and 6% growth in 2013. But economic growth in India would increase to 7% in 2014 and 2015. Inflation will begin to trend down as time passes due to reforms made by the Government of India ("India will see," 2012).

Summary: Economic future on upward trend.

Importance: 7/10

Weight: .25

Factor

6. Challenges

People who lived in US for more than 10 years, like Jitendra Balakrishnan, feels that without restaurants, Ikea in India will be missing the "Ikea experience". Ikea was not granted license for food and beverages. Ikea is very firm on restaurants, even though sales from them are less than 5%. Only 18 out of 30 categories of Ikea products were approved for sale by Indian government. Government of India thinks areas like food and beverages are very sensitive and Ikea should not be given permission (Kaushik, 2012).

Summary: Major adjustments required in product mix and long drawn negotiation process with government, which needs to protect local interests.

Importance: 4/10

Weight: -.25

Factor

7. Global Conditions

In December 2012 the key measure of business confidence in Japan among big manufacturers fell to -12 from -3 in September. The key reason for the decline was because of the effect of slowdown of China due to the Euro crisis. This is the fifth consecutive quarter where the pessimists outnumber the optimists. The triple disasters of earthquake, tsunami and nuclear meltdown also contributed to this. The Chief economist at Barclays, Tokyo said, the government has failed to put Japan on a continued recovery (McLannahan, 2012).

Summary: Global economic conditions relatively favor foreign business investment in India.

Importance: 8/10

Weight: .30

Finally, as mentioned prior to the illustration of the example, the sum of the weighted scores for each factor would provide the overall assessment of the market for further strategic planning or modification.

ADVANTAGES AND CONCERNS

The suggested alternative has its advantages and disadvantages. The advantages are that it uses near-real-time information. The process is less time consuming than other available alternatives. It is also a lot less expensive than other processes. On the other hand, some of the disadvantages are the quality of information available, the true timeliness of the information, and the accuracy of the news reports.

CONCLUSION

The environment of business worldwide has changed dramatically in the past decade. Traditional models of global market assessment served their time but do not seem to be adequately powerful today. While this may not be the only alternative available, it can be used to support the other market assessment tools that organizations use. In today's world of global business, real time updates and quick adjustments to strategic plans is critical. This process assists in making those quick changes for nimble management. With continued use and resultant creation of databases, organizations will be able to identify and monitor patterns for improving the process. For further improvement of the process, additional areas of relevance for strategic business relevance can be included. These are Consumer Ethnocentrism, Country-Of-Origin Image, Source Of Information, Source Credibility, Attitude Towards Terrorism, Demographics, Product Country-Of-Origin Image, Product Involvement, Attitude-Toward-The-Act, Financial Confidence, Preferred Form of Government, and others (Ghose, 2011).

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